

# Child Development and Care (CDC)

PRESENTATION TO THE STATE BOARD OF  
EDUCATION  
APRIL 14, 2015



## Child Development and Care Program

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- Federal and State funded program specifically designed to:
  - ✦ Promote self-sufficiency by making safe and quality child care more affordable for low-income parents in Michigan.
  - ✦ Foster healthy child development and school success by improving the quality of child care.
- The program benefits:
  - ✦ Children.
  - ✦ Parents.
  - ✦ Child Care Providers.



## Who does CDC serve?

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- The CDC program helps eligible families with child care costs while the parent/parents are:
  - ✓ Working
  - ✓ Completing high school/GED courses
  - ✓ Participating in job training or education programs
  - ✓ Engaging in family preservation activities (e.g. court-ordered rehabilitative activities).
- Eligible families/children include:
  - ✓ Low-income families—below 121% of the Federal Poverty Guidelines
  - ✓ DHS Cash Assistance and SSI Recipients
  - ✓ Foster children in DHS-paid placements
  - ✓ Children with an active Children's Protective Services case at DHS

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## Child Care Providers

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Each parent who is eligible for CDC can choose the provider and care setting that best meets the family's & child's needs from the four types below:

- Licensed Child Care Centers– Licensed to provide care in facility other than a private residence.
  - ✦ Includes Head Start and Great Start Readiness Programs
- Licensed Group Child Care Homes– Licensed to provide care for up to 12 children at one time in a private residence.
- Registered Family Homes– Registered to provide care for up to 6 children at one time in a private residence.
- Unlicensed Child Care Providers (often referred to as Family, Friend, and Neighbor Care)– Can provide care for up to 4 children at one time in the child's home or, if related, in the provider's home.

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## Choice of Provider

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Fiscal Year	Total CDC Cases	Number of Licensed/ Registered Providers	Percent of Licensed/ Registered Providers	Number of Unlicensed Providers	Percent of Unlicensed Providers
2009	83,137	31,646	38%	51,491	62%
2010	63,643	27,220	43%	36,423	57%
2011	54,048	27,702	51%	26,346	49%
2012	50,028	28,878	58%	21,150	42%
2013	43,246	27,408	63%	15,838	37%
2014	35,503	24,854	70%	10,649	30%

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## Current Program Realities

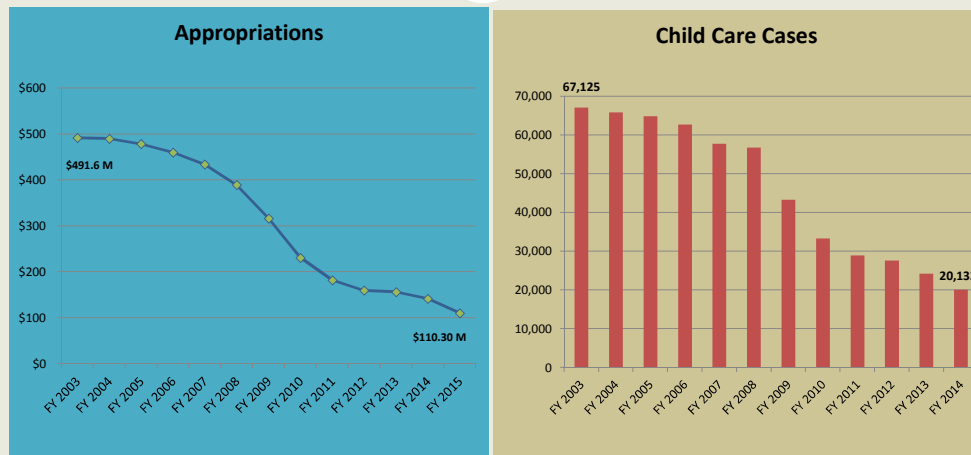
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- **Eligibility Levels** – Michigan currently has one of the lowest income eligibility levels in the country at 39% of the State Median Income (SMI), compared to the allowable limit of 85% of the SMI.
- **Provider Payments** – Provider reimbursement rates are well below the market rate for child care in Michigan.
  - In order to ensure that subsidy recipients have equal access to available child care, CCDF federal regulations recommend that states provide subsidies at the 75th percentile of market rate. CDC rates are currently between the 3rd and 30th percentile, depending on the provider type and age of child.
- **Level of Assistance** – The maximum number of hours for which the state will provide subsidy assistance has decreased by more than 40% since 1996.

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## CDC Funding Trends

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## CDC Program Vision

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- Targeted program decisions and investments aimed at developing a child care system that is:
  - ✦ Child focused
  - ✦ Family friendly
  - ✦ Fair to providers
- Transform child care into an early learning opportunity for the children being served in addition to a work support for their parents.

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## 12 Month Eligibility

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- Research has shown that children have better educational and developmental outcomes when they have continuity of care in high quality settings
- Increased participation of licensed/registered child care providers
- Eliminates duplication of efforts for families
- Reduces the administrative workload for staff who are processing eligibility

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## Exit Income Threshold

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- Eliminates a steep cliff effect for child care assistance to low-income families
- Allows for continued assistance to low-income families as they work towards self-sufficiency
- Creates continuity of care for children in high quality settings
- Increases access to high quality care settings
- Aligns exit income thresholds with the GSRP income guidelines, thereby better supporting children/families accessing both programs

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## Tiered Reimbursement

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- Increases the number of high quality programs available to children in Michigan.
  - Higher quality care is more expensive to provide and is often not accessible at the current CDC reimbursement rates.
  - Provides a financial incentive for programs currently serving CDC children to increase their quality level.
- Positively impact school readiness for children
  - Research clearly demonstrates that high quality early learning opportunities improve child outcomes- short and long term.
  - Low-income children show greater benefits from high quality care.
- Focuses funding on achieving greatest outcomes.

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## How does Tiered Reimbursement Work? CDC Reimbursement Rates

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Programs at 2, 3, 4 or 5 Stars would receive an increased hourly reimbursement rate for CDC children in their care.

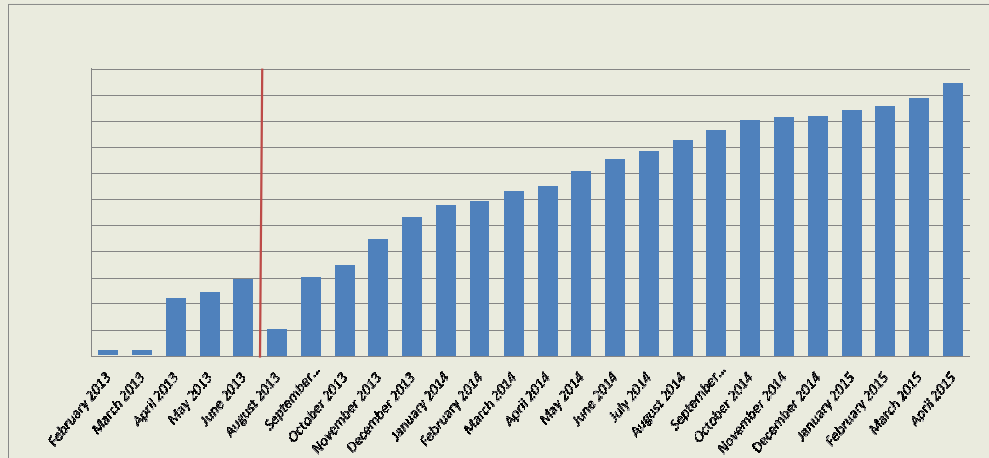
	<i>Infant/Toddler (Birth to 2½)</i>		<i>Preschool/School-Age (Over 2½)</i>	
	Child Care & Preschool Centers	Group and Family Child Care Homes	Child Care & Preschool Centers	Group and Family Child Care Homes
Current Rate (Empty Star and 1 Star)	\$3.75	\$2.90	\$2.50	\$2.40
Proposed 2 Star Rate (Additional \$.25/hour)	\$4.00	\$3.15	\$2.75	\$2.65
Proposed 3 Star Rate (Additional \$.50/hour)	\$4.25	\$3.40	\$3.00	\$2.90
Proposed 4 Star Rate (Additional \$.75/hour)	\$4.50	\$3.65	\$3.25	\$3.15
Proposed 5 Star Rate (Additional \$1.00/hour)	\$4.75	\$3.90	\$3.50	\$3.40

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## Access to High Quality Care - GSQ Participation

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## Additional Child Care Licensing Consultants

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- Increases the states ability to ensure facilities offer high quality, safe learning environments for children
- Reduces current ratio of licensing consultants to programs from 150 to 98
- Increases our ability to ensure we are meeting all state mandated child care licensing inspections (both prior to licensure and during licensure)

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## CCDBG Reauthorization

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- Reauthorization brings significant changes to the program:
  - Makes child care safer by defining health and safety requirements for child care providers, requiring background checks, and inspection of facilities.
  - Provides more stability for parents and children through family-friendly eligibility policies.
  - Helps parents better understand child care choices available to them by improving accessibility and transparency of information about providers.
- Includes a significant number of changes, some of which are straightforward to implement, while others are complex and will need to be phased in over time.

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## Key Features of CCDBG Reauthorization

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|---|--|
| <ul style="list-style-type: none"><li>• Health and Safety</li><li>• Criminal Background Checks</li><li>• Monitoring</li><li>• Training and Professional Development</li><li>• Eligibility Policies</li><li>• Consumer Education</li></ul> | <ul style="list-style-type: none"><li>• Family Engagement</li><li>• Increased Quality Spending</li><li>• Infants/Toddlers</li><li>• Payment Rates and Provider Payment Practices</li><li>• Underserved Populations</li><li>• Tribal Provisions</li></ul> |
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## Market Rate Survey

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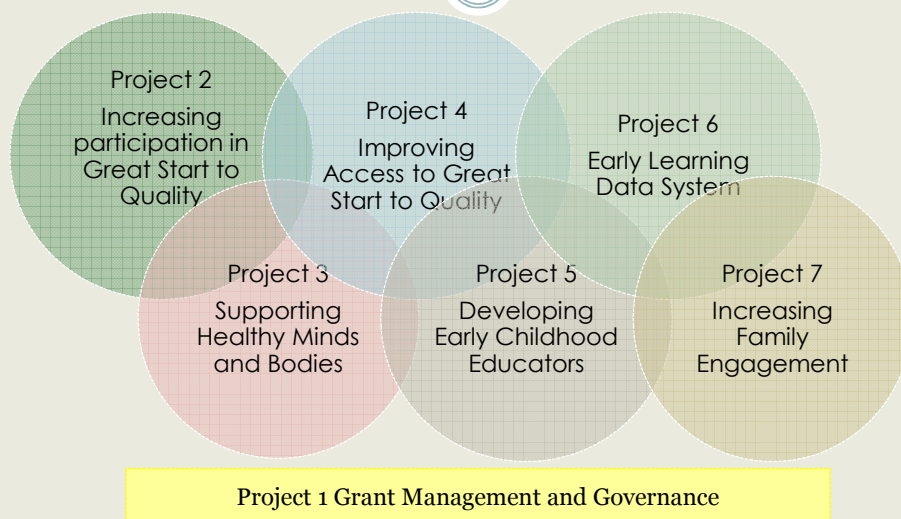
- Required every two years under the of CCDBG block grant.
- Conduct a statistically valid and reliable study to determine the local child care market price in Michigan based on:
  - ✦ Type of care
  - ✦ Age of the child
  - ✦ Geography
- Use the survey to calculate the 75<sup>th</sup> percentile to demonstrate that the MI subsidy rate ensures equal access to high quality care for low-income children.

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## Race to the Top Early Learning Challenge

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## Discussion and Questions

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